COMPASS

August 2026 Sonoma County Market Outlook

Data through July 2026

Market Research
COMPASS INTERNATIONAL HOLDINGS

August 2026
Housing Market Report

Mortgage rates ended July near their highs for the year, taking some momentum out of homebuyer demand. But in San Francisco, sales have been driven more by wealth creation than by mortgage rates: the AI boom has spiked demand, especially for family-ready homes in specific neighborhoods.

That boom is concentrated in the city proper, with modest overflow onto the Peninsula. San Francisco's median sales price is up 25% year-over-year; San Mateo County is up nearly 10%. In the other eight Bay Area counties, price trends look much more like the country as a whole, essentially flat versus a year ago. We've included a map showing price changes across the region so you can compare how each area is faring.

Rates remain elevated largely on inflation fears, with bonds under pressure from war-driven energy prices, tariffs, and unchecked government spending. What could bring rates down? A substantial slowdown in the labor market would ease some of that inflationary pressure. The U.S. labor market is already sluggish, and Northern California shows the same pattern: unemployment is low, but so is job creation. It's a low-hire, low-fire economy nationally.

Beyond rates, jobs matter directly for housing, since relocations for work are traditionally a major driver of demand. In the Bay Area, some AI companies are hiring fast, but the broader regional story is slightly fewer jobs in recent months. That divide shows up in housing: job creation in San Francisco is fueling demand there, while sluggish hiring elsewhere in the region means less.

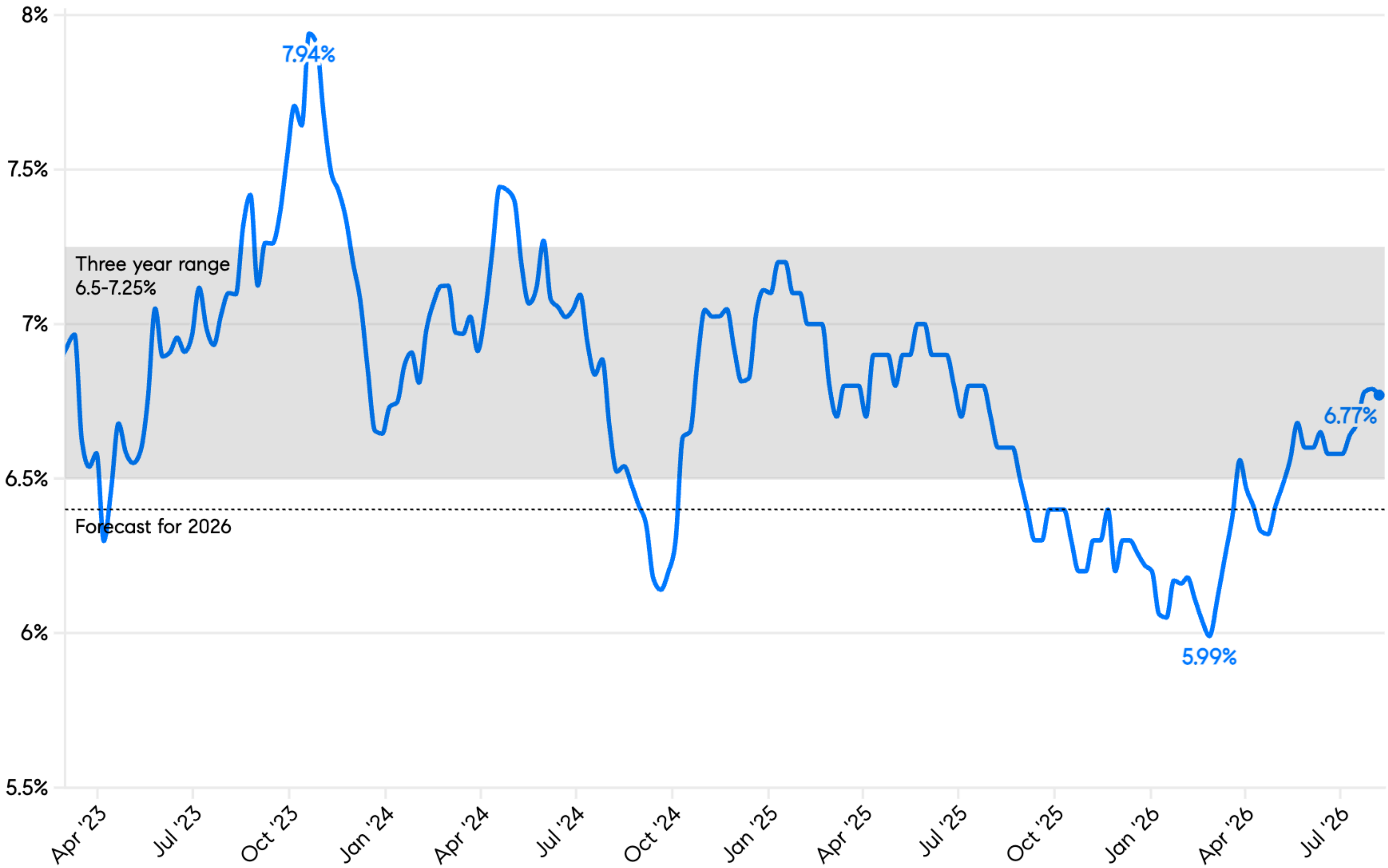
The August 2026 overview: local markets are diverging from both the regional and national picture. Real estate is local, but the bigger picture still matters.

Mike Simonsen
Chief Economist, Compass International Holdings

The first section of this report are select macro-economic and demographic data for the country and the Bay Area. In the second half of the report, we share all the details of the housing market.

Inflation Fears Keep Rates Elevated

Interest have stayed elevated due persistent inflation news, re-escalation of the war, and recently improved jobs data. Mortgage rates are at their highest levels of the year. This is likely to impact buyer demand into August.



Source: Mortgage News Daily, Compass

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Persistent Inflation

While June CPI dipped to 3.5% with lower energy costs for the month, inflation readings are still well above policy makers' target levels. Volatile energy markets and government spending keep inflation fears persistent. Elevated inflation implies elevated mortgage rates.

Source: US BLS, BEA

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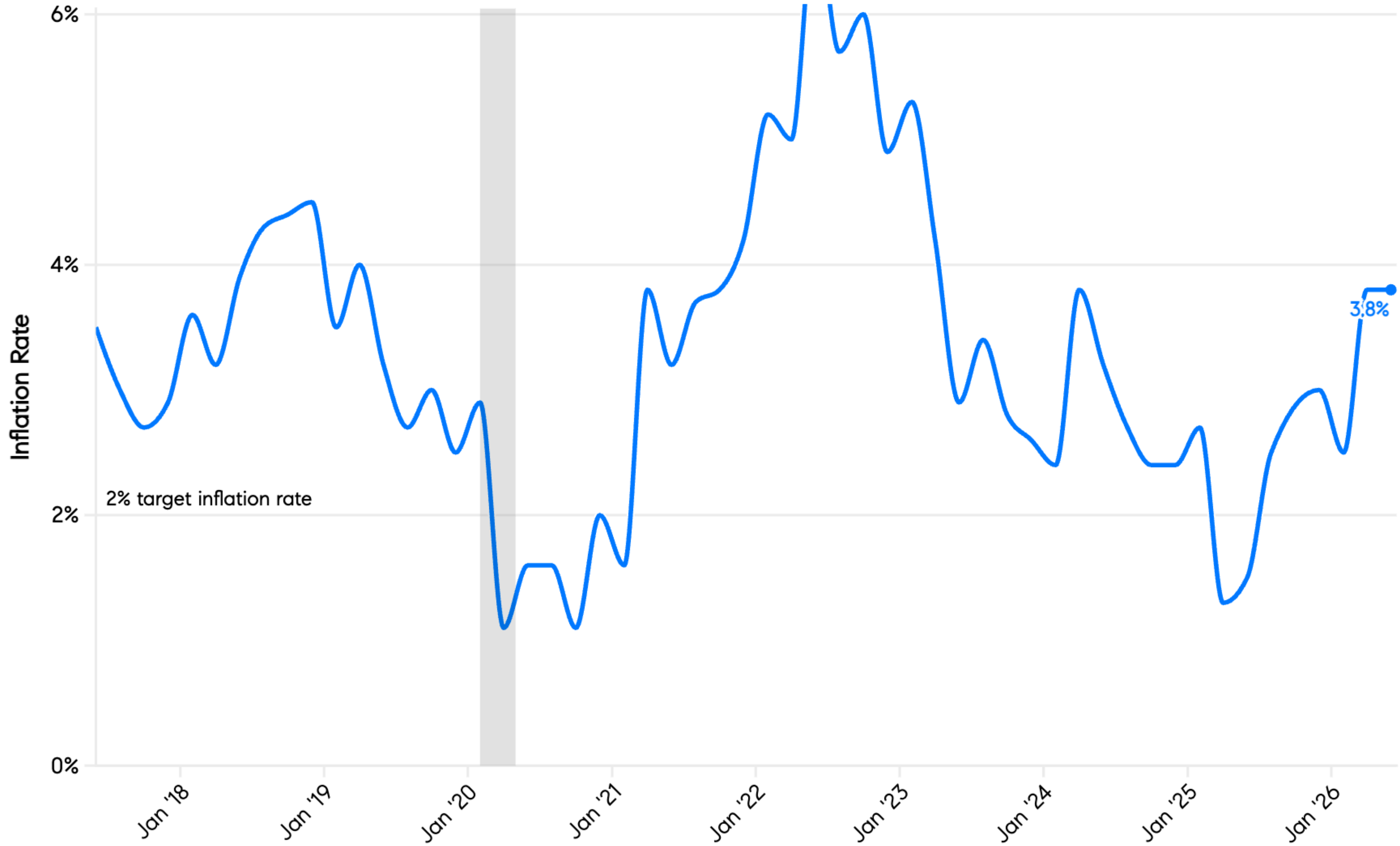
Bay Area Inflation Resumes

For a couple years post-pandemic, home price and rent declines in the San Francisco Bay Area kept inflation in the region below the national averages. Home price appreciation resumed recently and that has driven local inflation back up.



Source: US BLS, BEA

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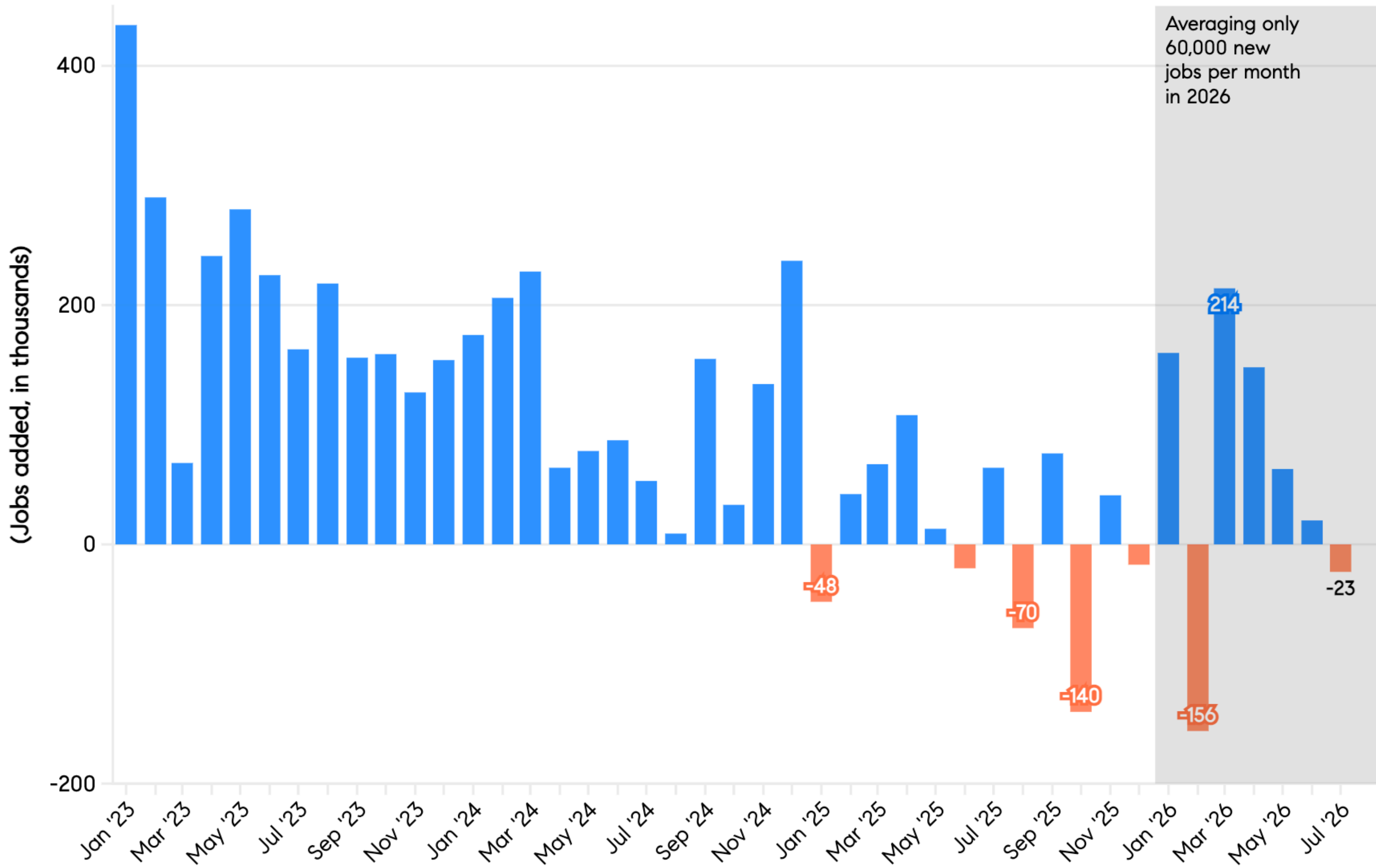
National Employment Slows in July

The labor market in 2026 remains sluggish. July payroll numbers missed expectations with 23,000 fewer jobs than a month prior. Weak labor data is mostly positive for interest rates, as it indicates a slowing economy.



Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

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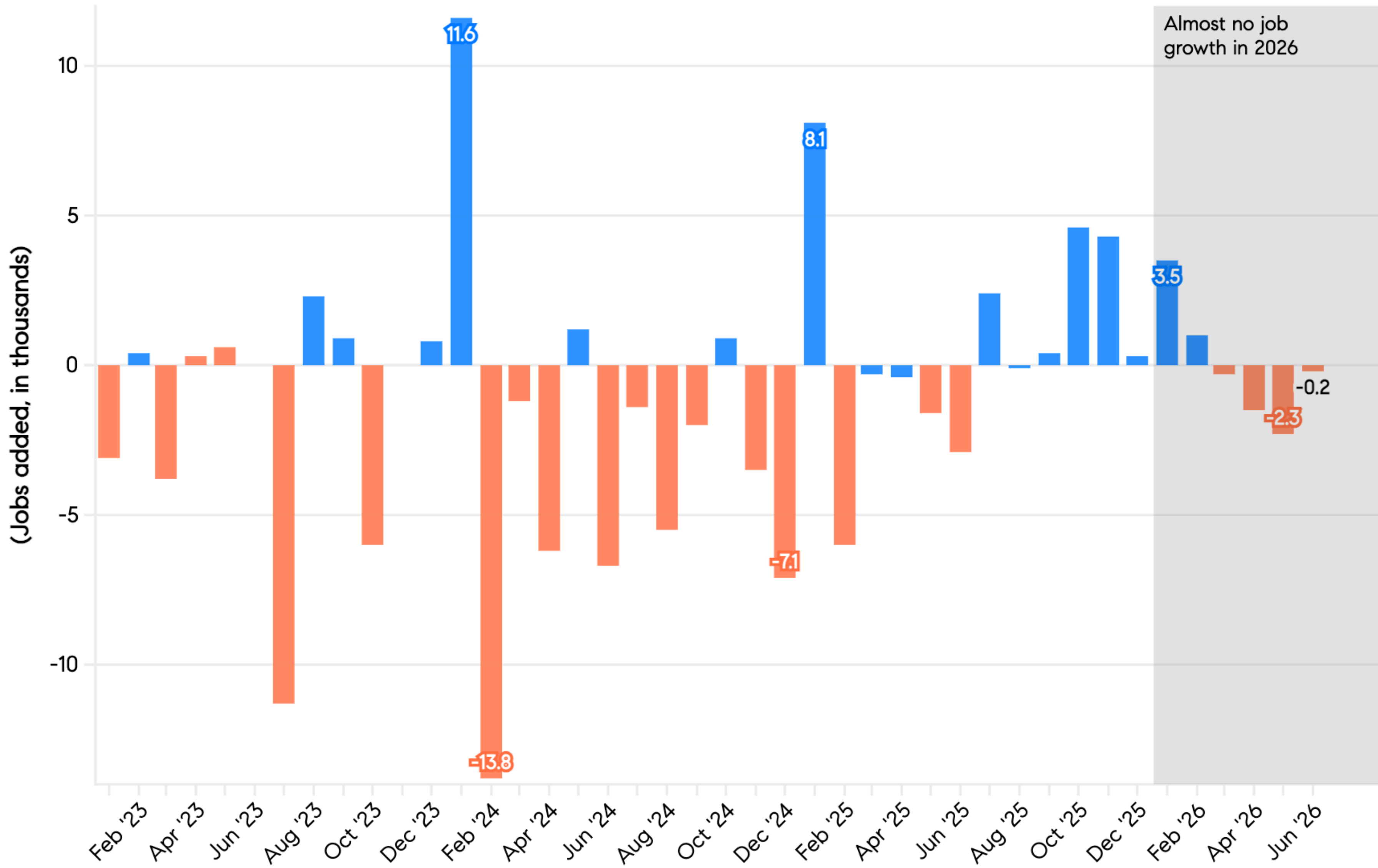
Bay Area Job Growth Slows

While the most recent 12 months have been mildly positive for job growth in the Bay Area, four months in a row have reported a shrinking labor market for the region.



Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

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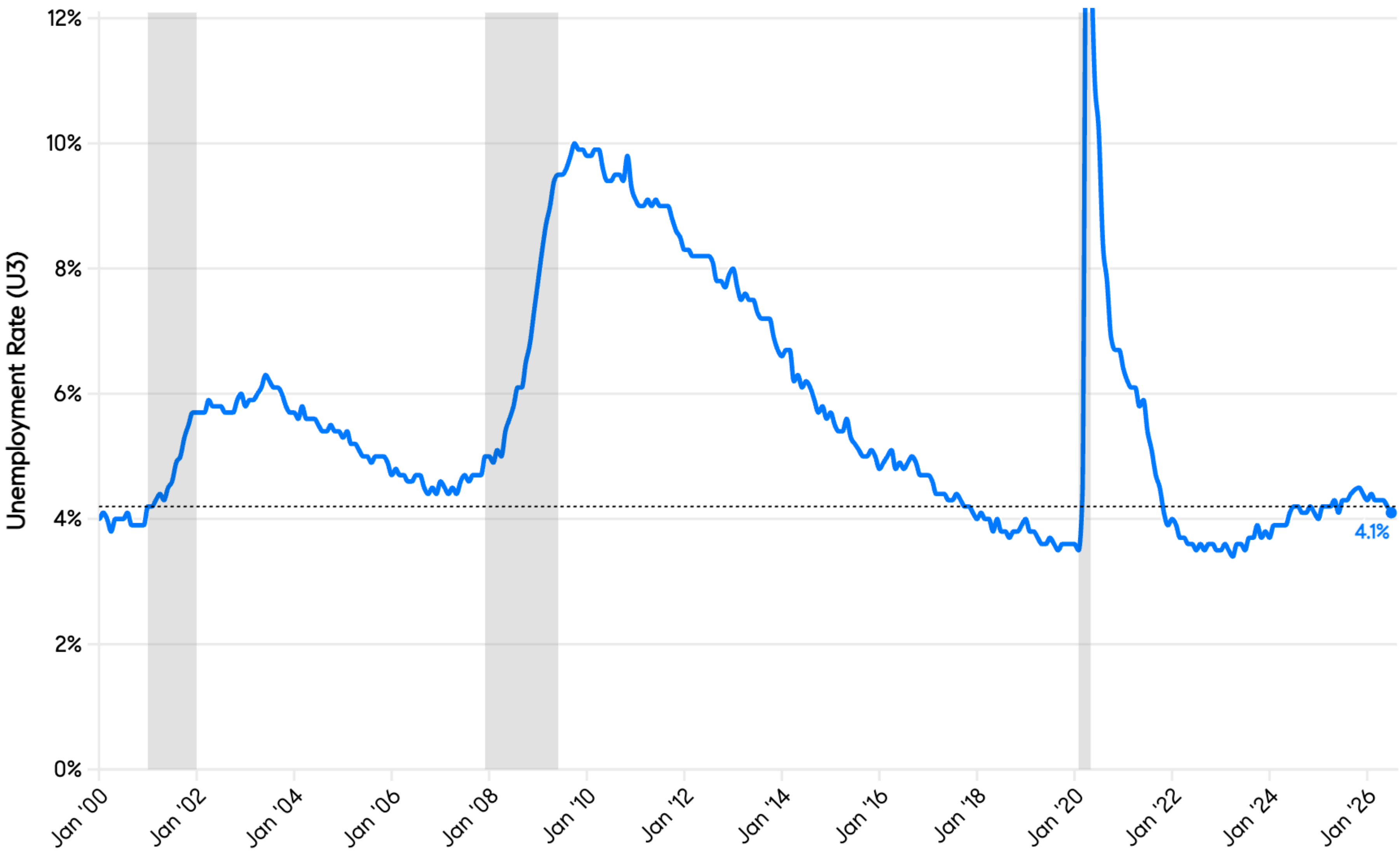
A Low Hire, Low Fire Economy

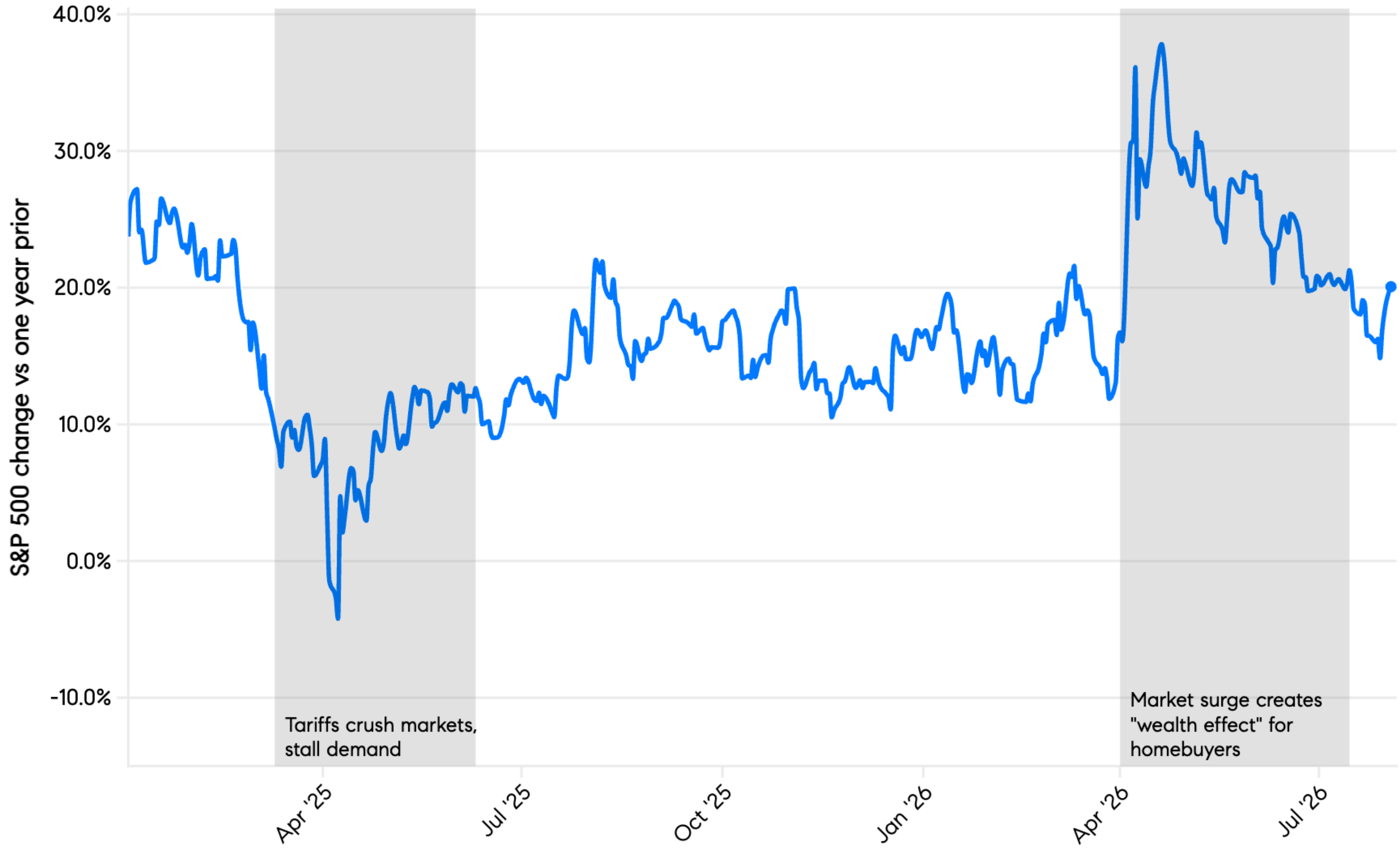
Even though job creation is slow nationally, unemployment remains at very low levels. Initial claims are at very low levels and long-term unemployment is improving. Americans are, by and large, employed. Continued low unemployment implies very few distressed home sales are in the pipeline.



Source: US BLS

Wealth Effect Helps Purchase Demand

When stock markets reach all time highs, a "wealth effect" is created for potential homebuyers in contrast to rising interest rates. This wealth effect demand is measurable especially in luxury markets across the country and has been especially acute in certain neighborhoods in San Francisco in 2026.



Source: MarketWatch.com
Index change vs one year prior

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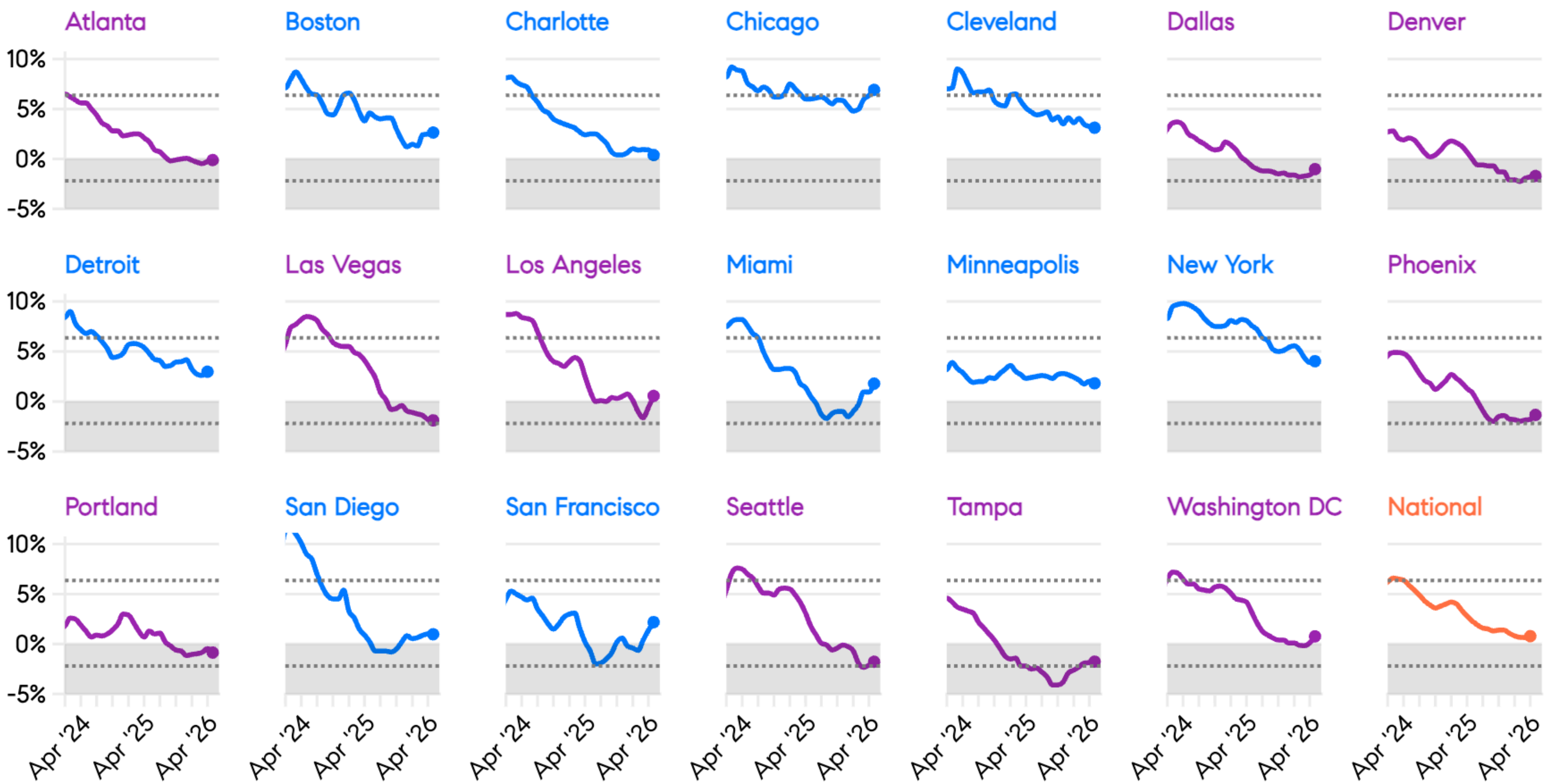
Bay Area Home Prices are Climbing

Thanks to very strong demand in certain neighborhoods, home prices overall in the Bay Area, as measured by the Case Shiller Index, are 2.2% above last year at this time. Local markets vary of course, see the sales price sections in this report for local detail.



Source: S&P CoreLogic Case-Shiller • Blue cities have home price appreciation vs. May 2025. Purple cities have home price declines from May 2025. Dotted lines are top and bottom performing markets. Gray area is below 0%

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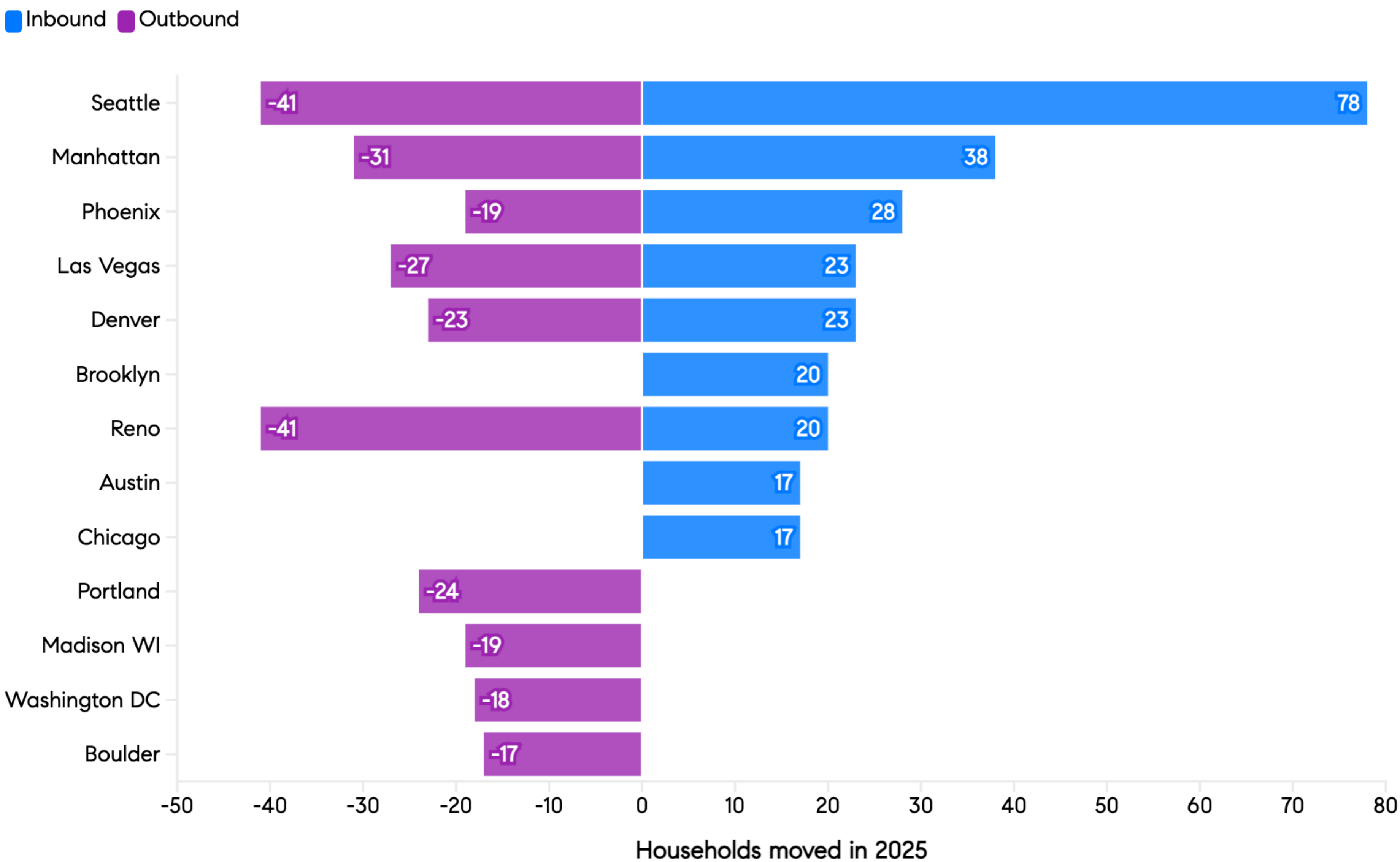
Bay Area Migration Sources & Destinations

In 2025, inbound migration to the Bay Area resumed for the first time in many years. Seattle and Austin are net inbound to San Francisco. Lower cost of living cities remain popular destinations for outbound movers.



Source: Censai Analytics · Top 10 inbound and outbound counties tracked. Sources include change of address forms and voter registration changes. Likely undercounts students and non-voters.

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Sonoma County Market

Report created in good faith using public and proprietary data from sources deemed reliable but may contain errors and is subject to revision. Data is pulled at the end of the month, and last-period figures may still be preliminary due to late-reported activity. All numbers are approximate and may change, including Private Exclusive sales and other transactions not publicly reported at the time of publication.

Sonoma Market Recap

Key Market Highlights

- Median sale price: **$840K**, down **1% YoY**.
- Year-over-year appreciation improved from **-2% in June** to **-1% in July**.
- **358 closed sales**, down **9% YoY**.
- **1,308 active listings**, down **10% YoY**.
- **333 listings in contract**.
- Median price per square foot: **$542**, up **7% YoY**.
- Sale-to-list price ratio: 100%, up from 98% last July.
- Average days on market: **55 days**, down **10% YoY**.

Median sale price was **$840K in July 2026**, down **1% YoY** from **$850K**.

Bodega Bay recorded the largest median sale price increase at **53%**, followed by **Sea Ranch** at **40%** and **Healdsburg at 30%**. **Sonoma city** declined **9%**.

Santa Rosa recorded the most closed sales under **$1M**, with **106 transactions**. **Petaluma** had the most sales between **$1M and $1.5M**, with **16**.

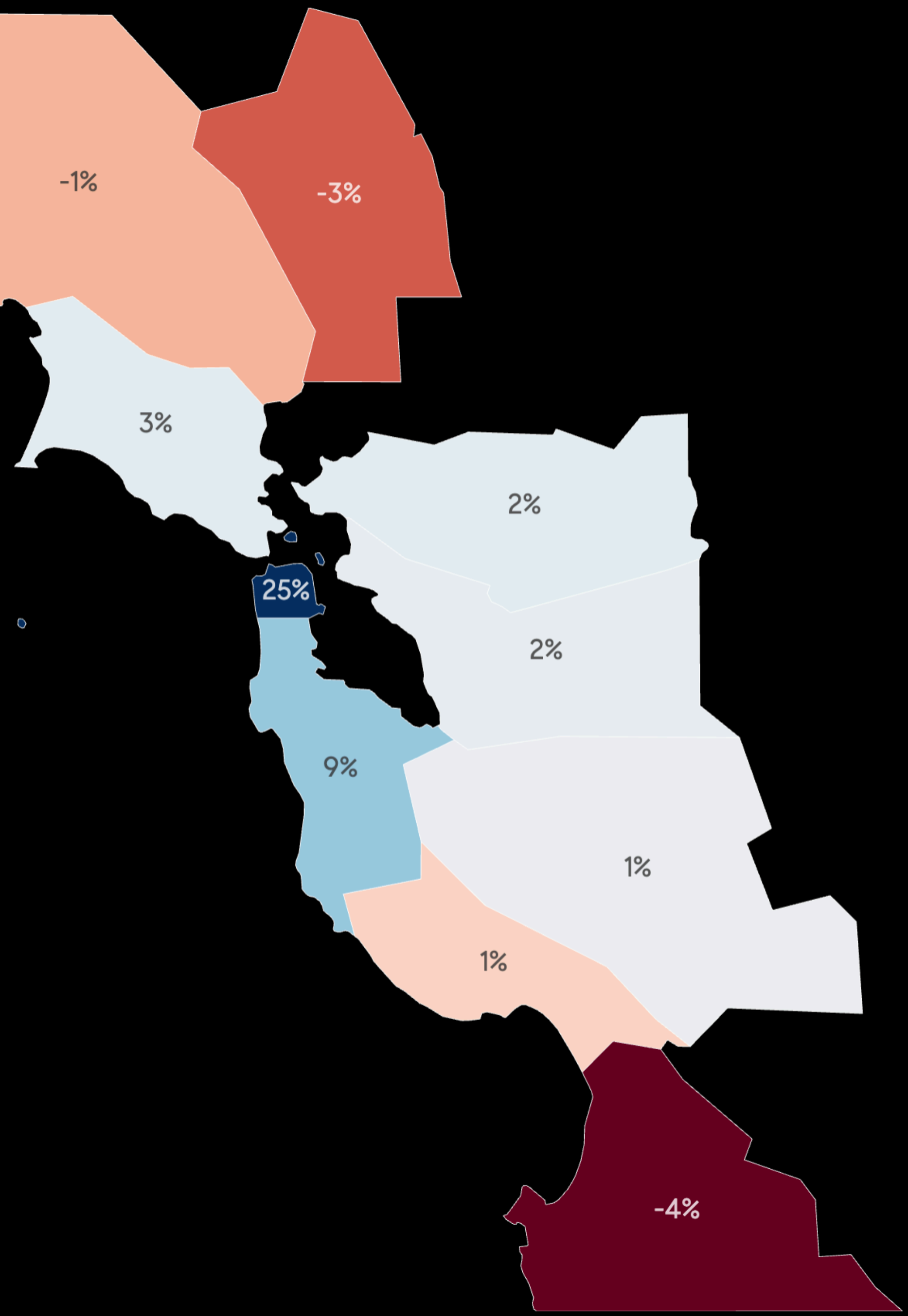
There were **1,308 active listings**, down **10% YoY**. **Santa Rosa** had the most, including **242 under $1M**. **Healdsburg** had the most listings above **$5M**, with **17**.

Median price per square foot was **$542**, up **7% YoY**. **Bodega Bay** had the highest at **$841**.

The sale-to-list price ratio was **100%**, while price reductions totaled **303**, down **2% YoY**.

Average days on market was **55 days**, down **10% YoY**.

July Home Price Change vs July 2025



Source: Compass via MLS data · Median sales price single family homes

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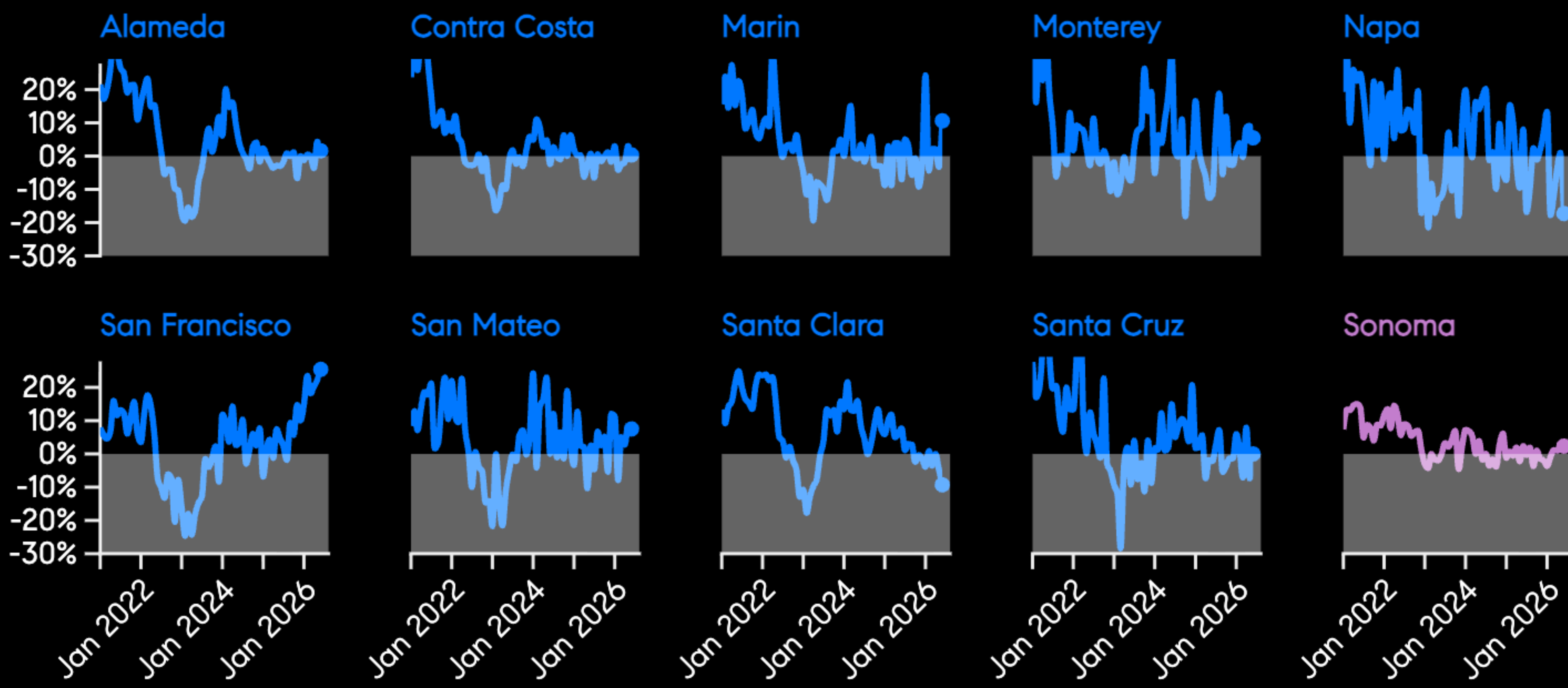
Home Price Changes Over Time

Median sales prices in Sonoma have been roughly unchanged for three years. Current prices are 1.4% below last year.



Source: Compass via MLS data · Median sales price for single family homes, change vs same month 1 year prior

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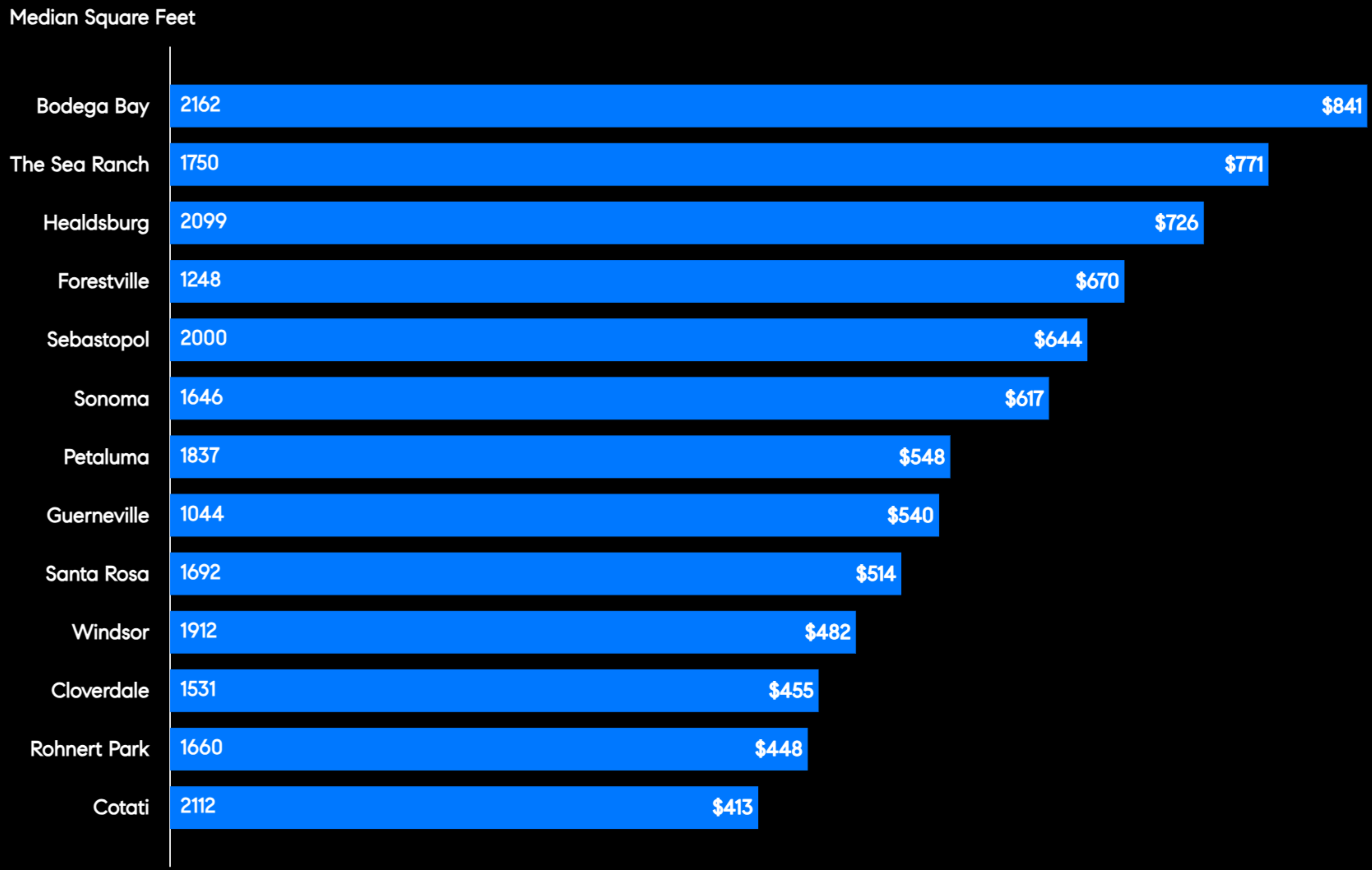
July Median Price Per Square Foot



Source: Compass via MLS · Single family homes
Median Price per Square Foot: The 50th percentile of sale price per square foot across all closed transactions during the month

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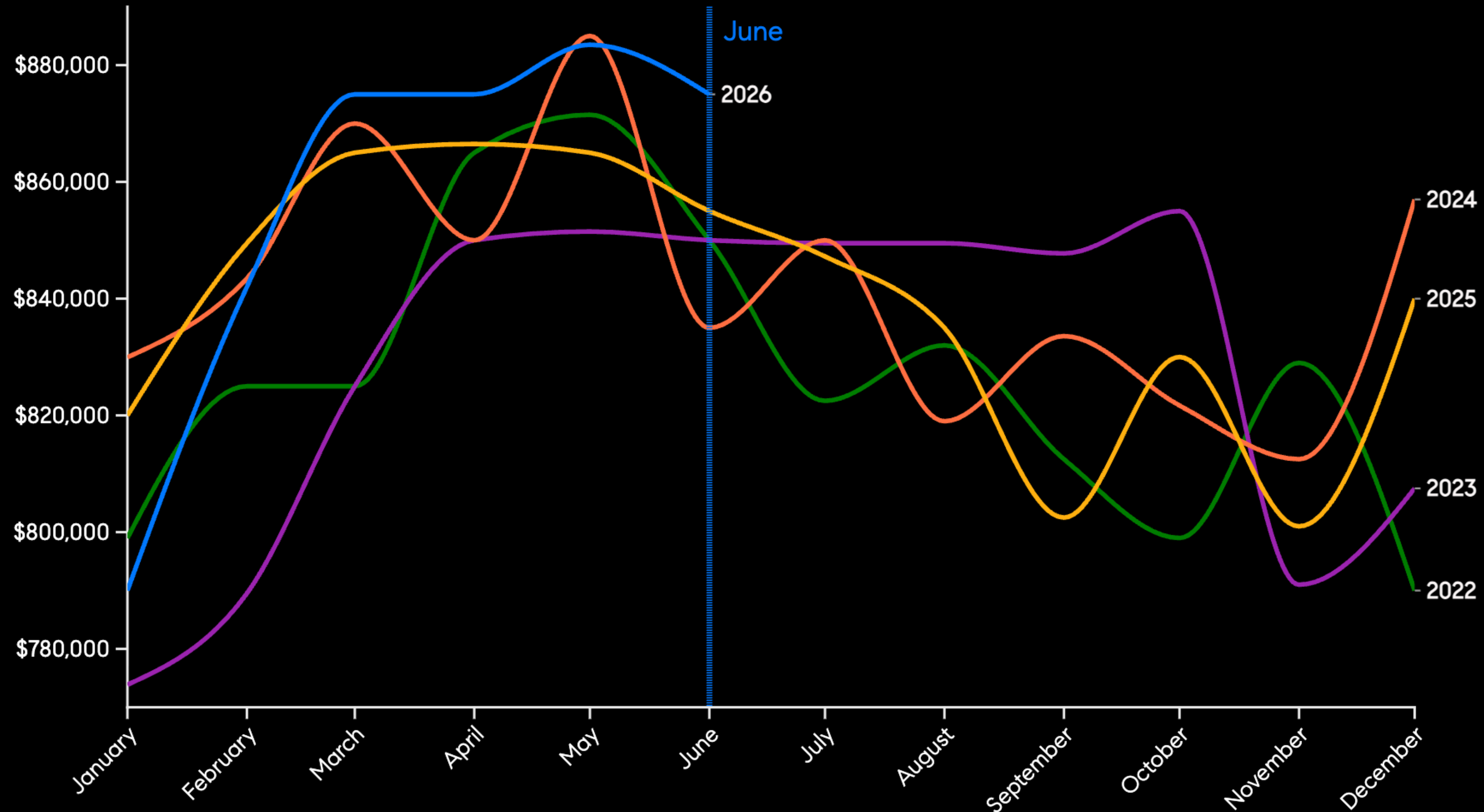
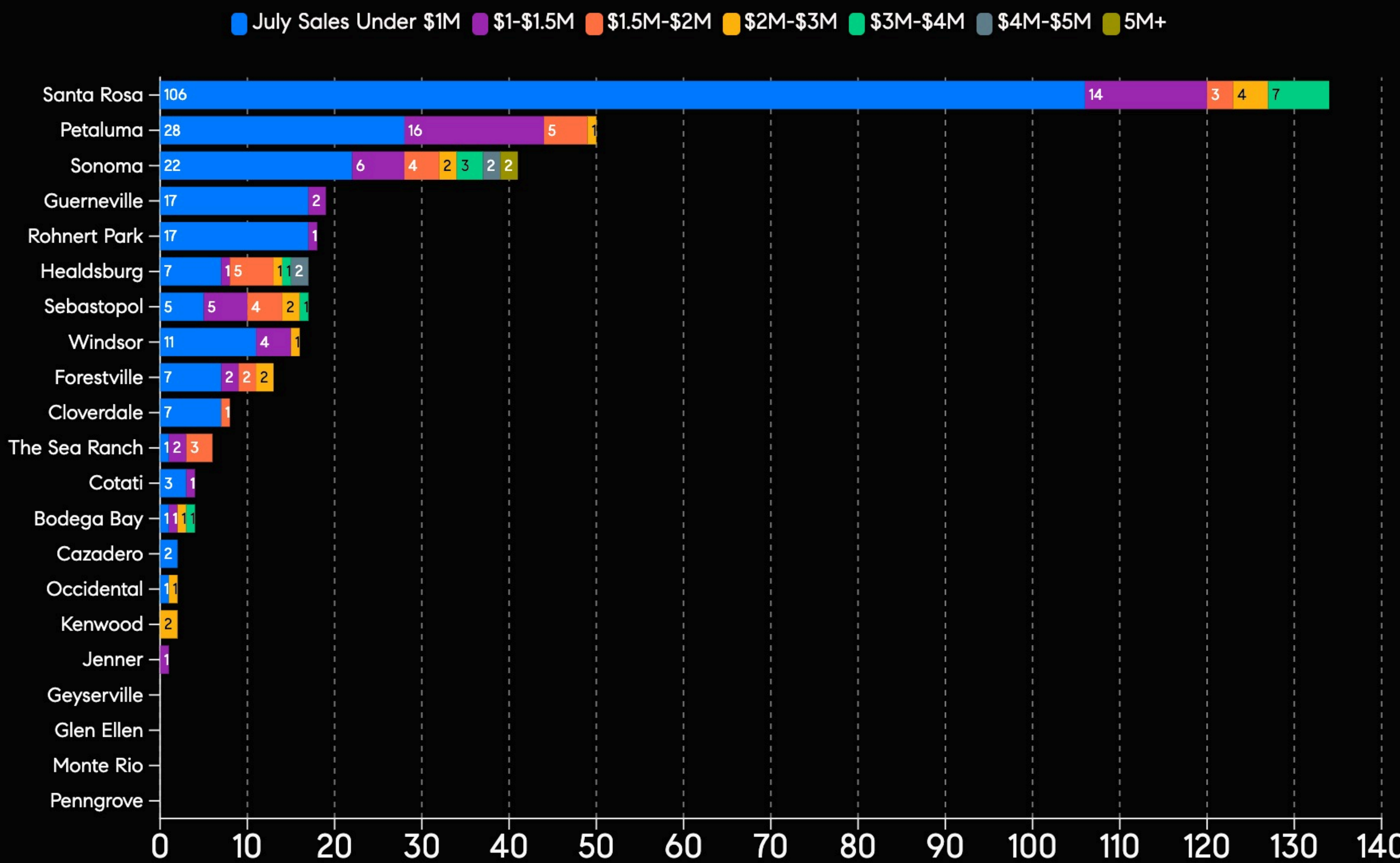
Median Sale Price - Seasonal



Source: Compass via MLS · Single Family

July Closed Sales by Price Segment

[redacted]



Source: Compass via MLS

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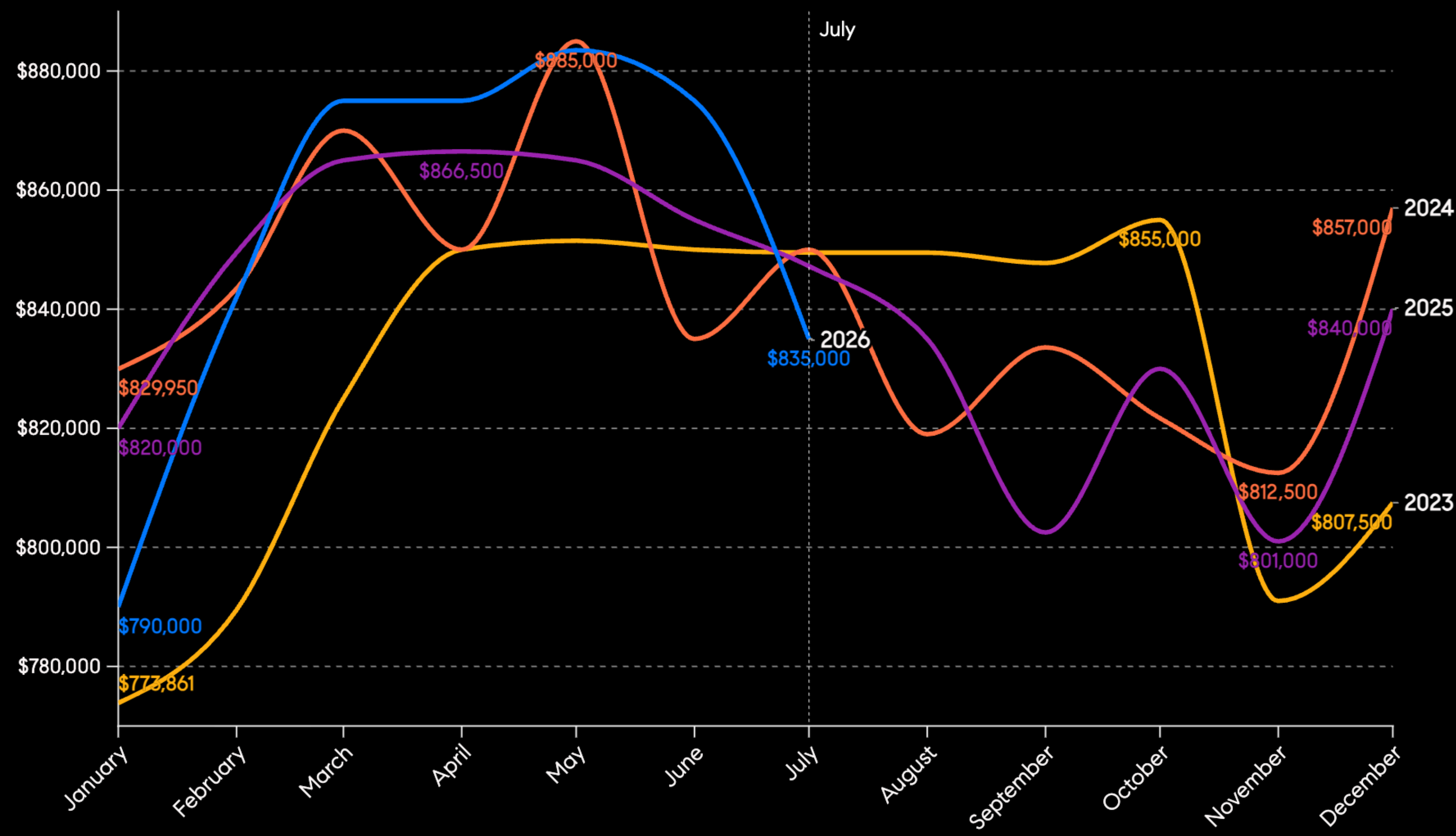
Median Sale Price

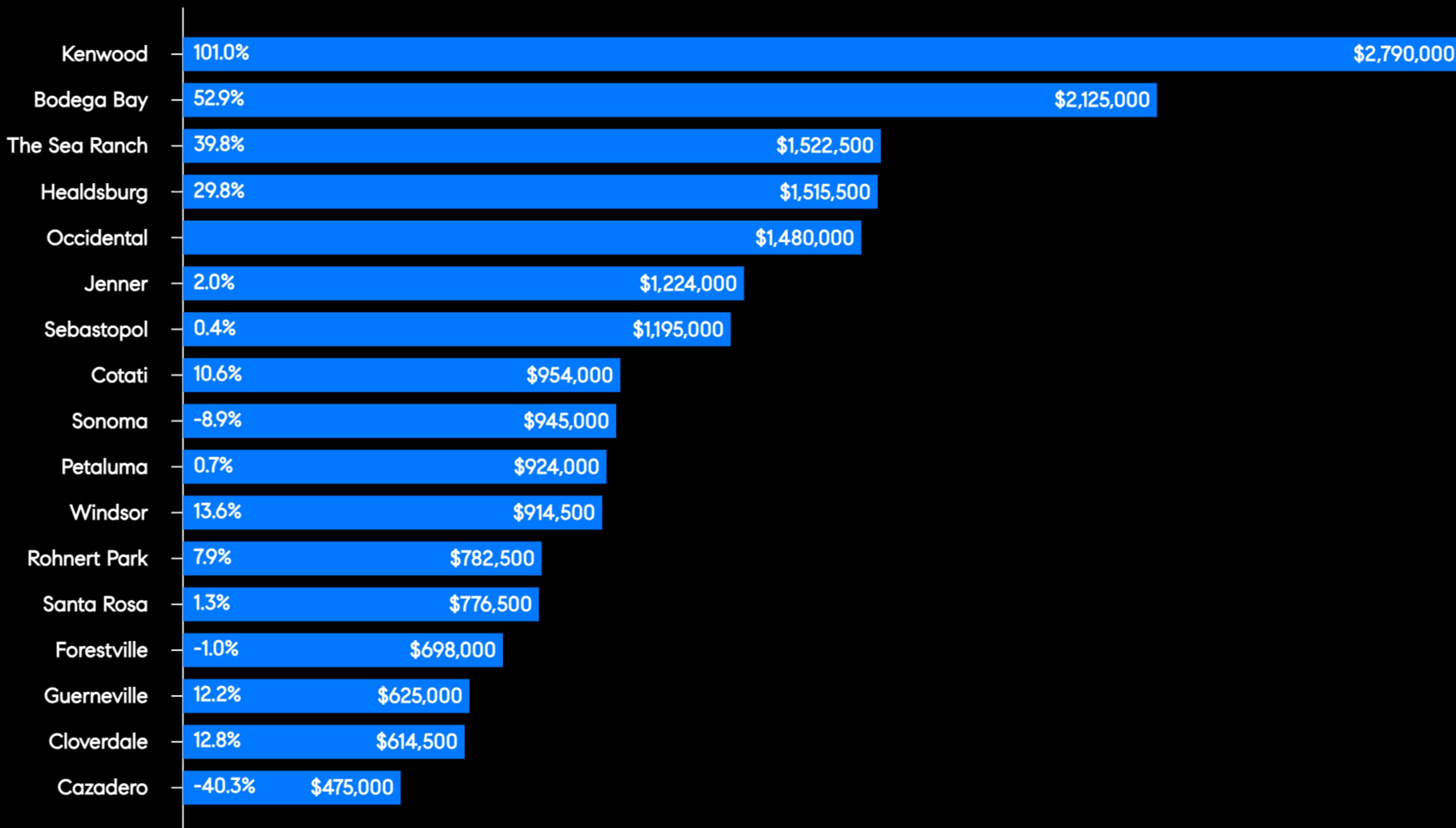
Single Family Homes



Source: Compass via MLS · Single Family

July Median Sale Price

Percent change compared to July 2025



Source: Compass via MLS · Single Family Homes
50th percentile of close price across all closed transactions in the month

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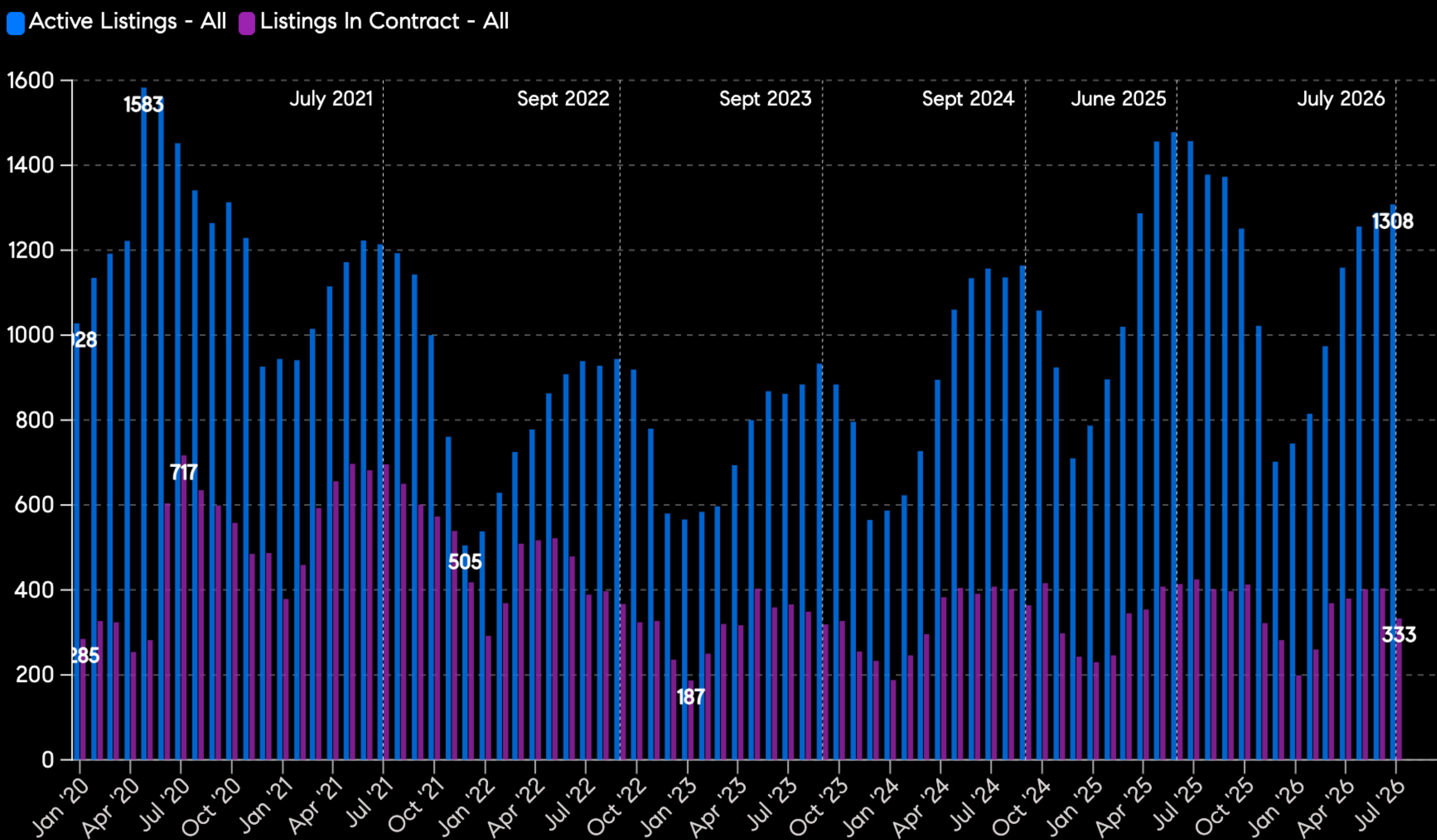
Active & In Contract Listings

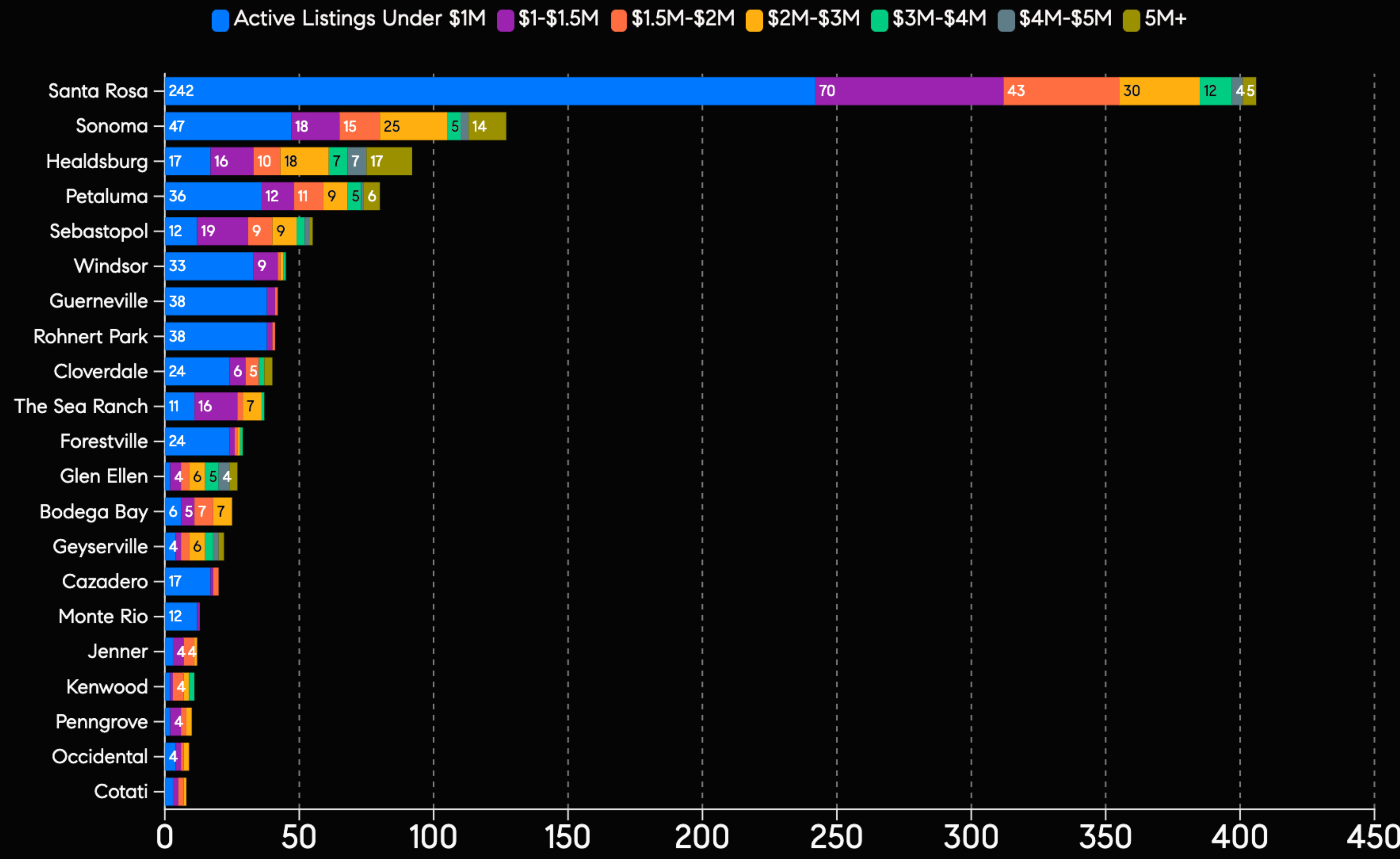
Available inventory has consistently trailed 2025 levels throughout 2026.



Source: Compass via MLS · Through July 31st

Active Listings by Price Segment

[redacted]



Source: Compass via MLS · As of August 3rd

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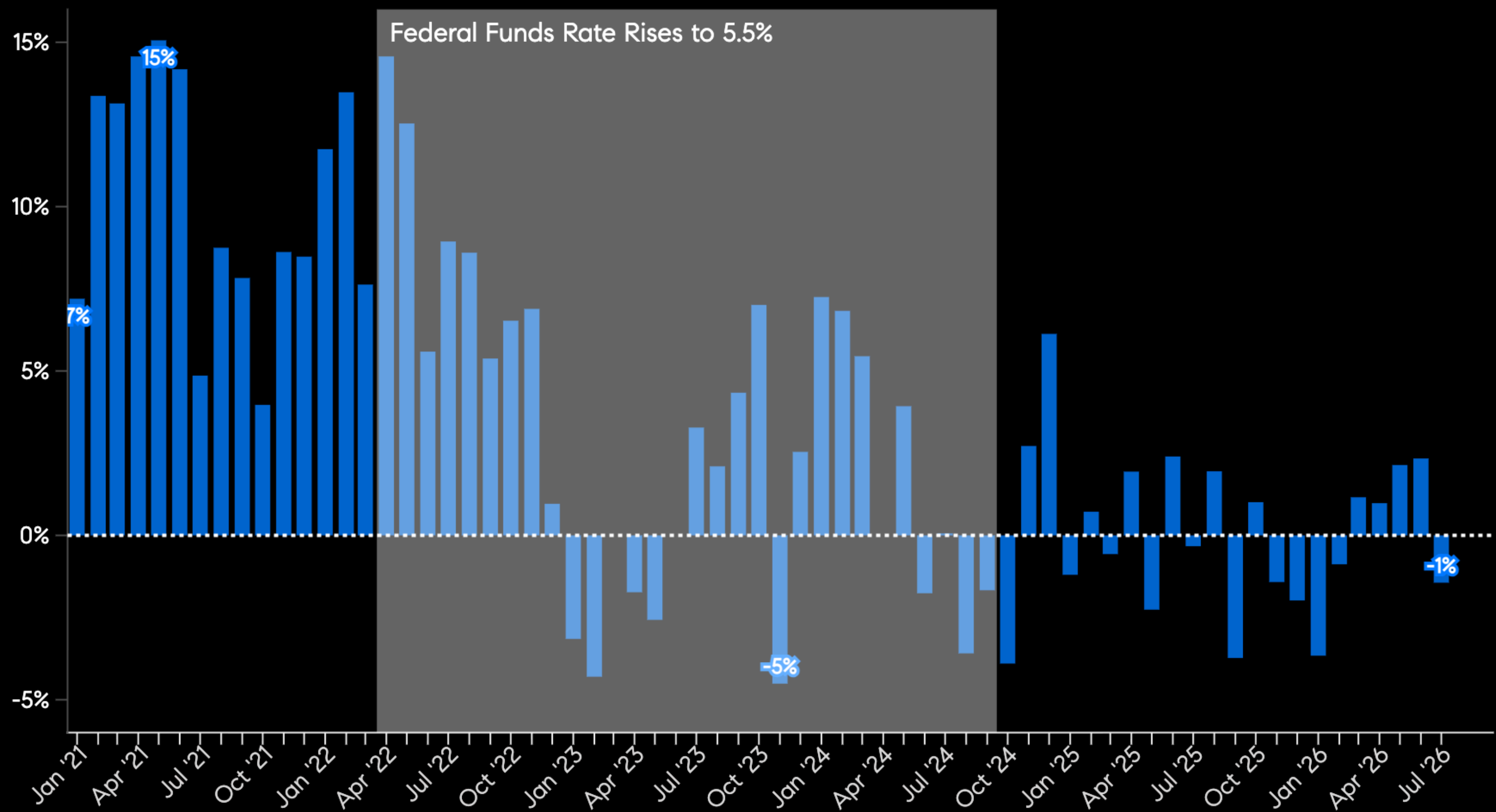
Median Price Year Over Year Change



Source: Compass via MLS · Single family homes

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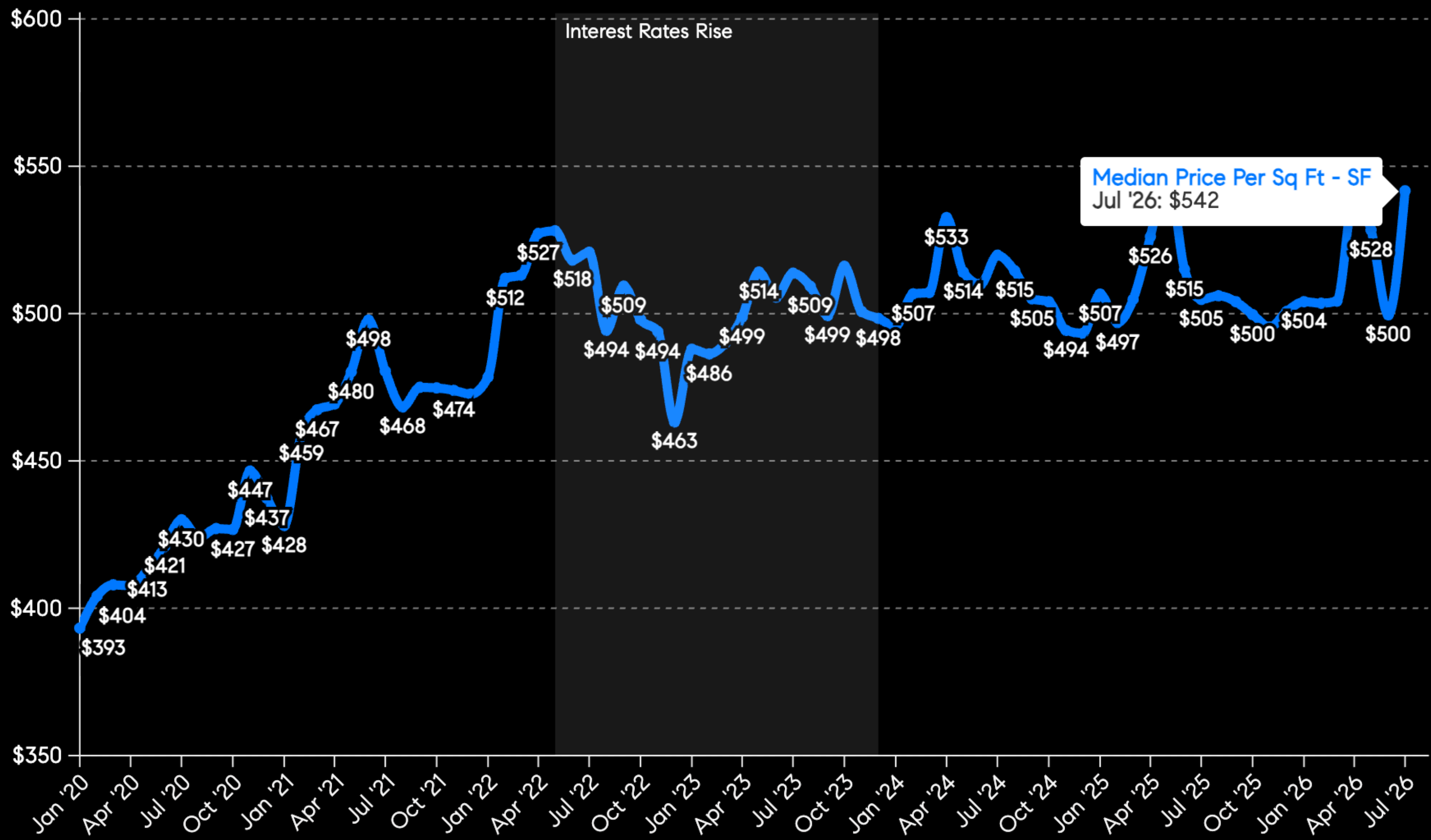
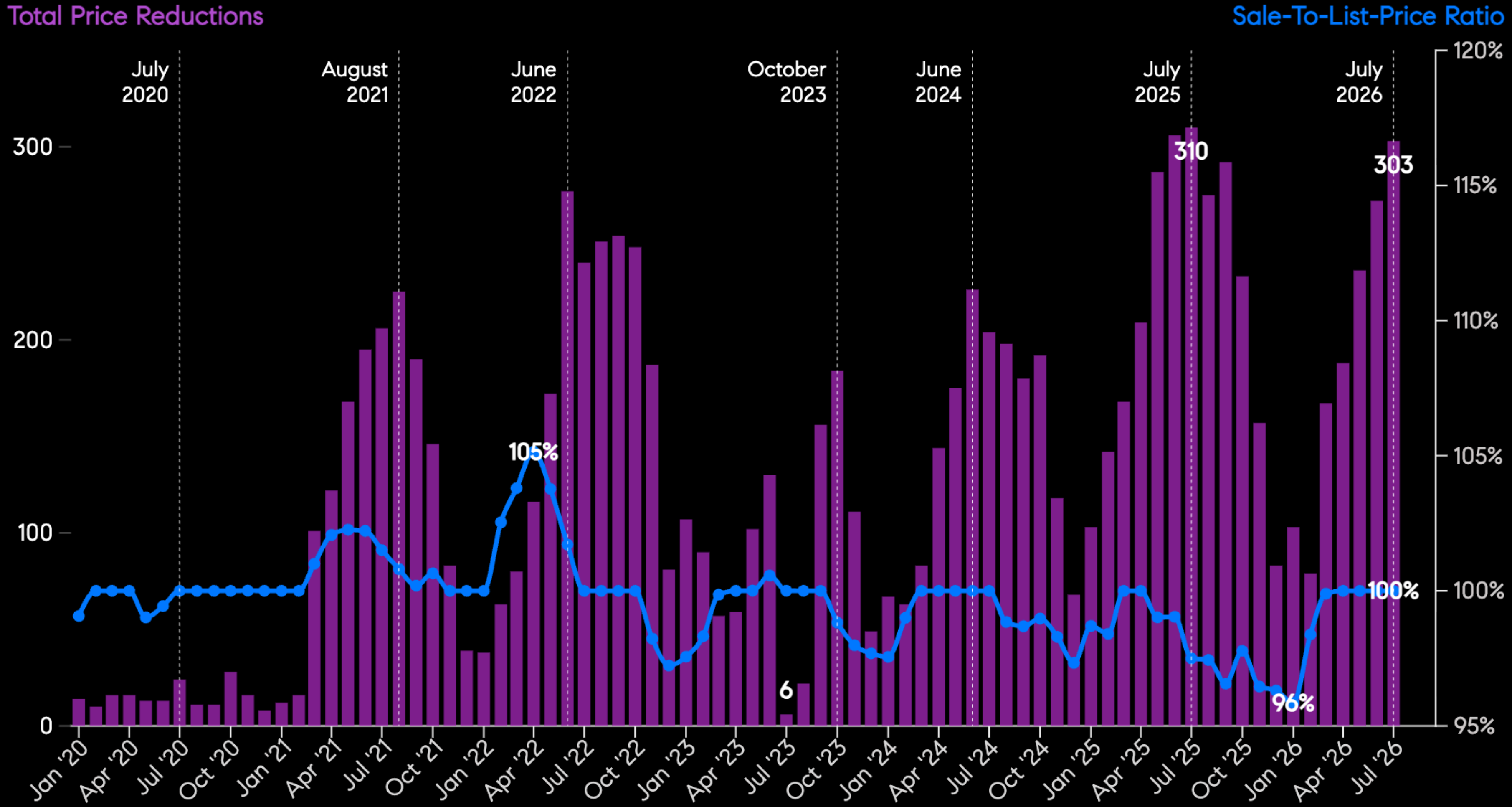
Price Per Square Foot by Month



Source: Compass via MLS data · Single Family Homes

Sale-To-List-Price Ratio

The sale-to-list price ratio is best interpreted alongside price reductions. A high sale-to-list ratio can reflect aggressive marketing strategies rather than market strength, while an increase in price reductions signals sellers are adjusting to buyer demand.



Source: Compass via MLS · Single Family Homes

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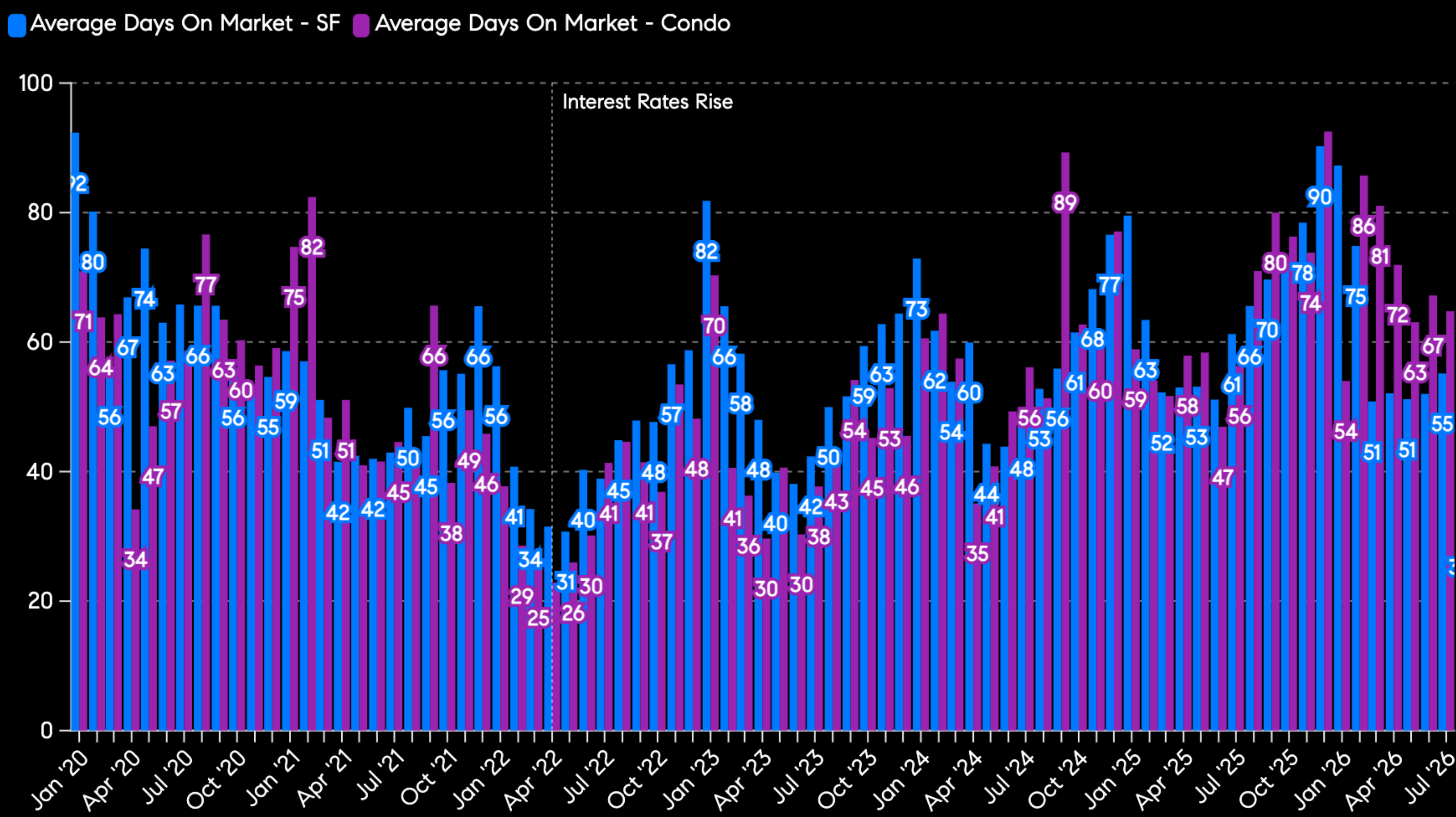
Average Days on Market

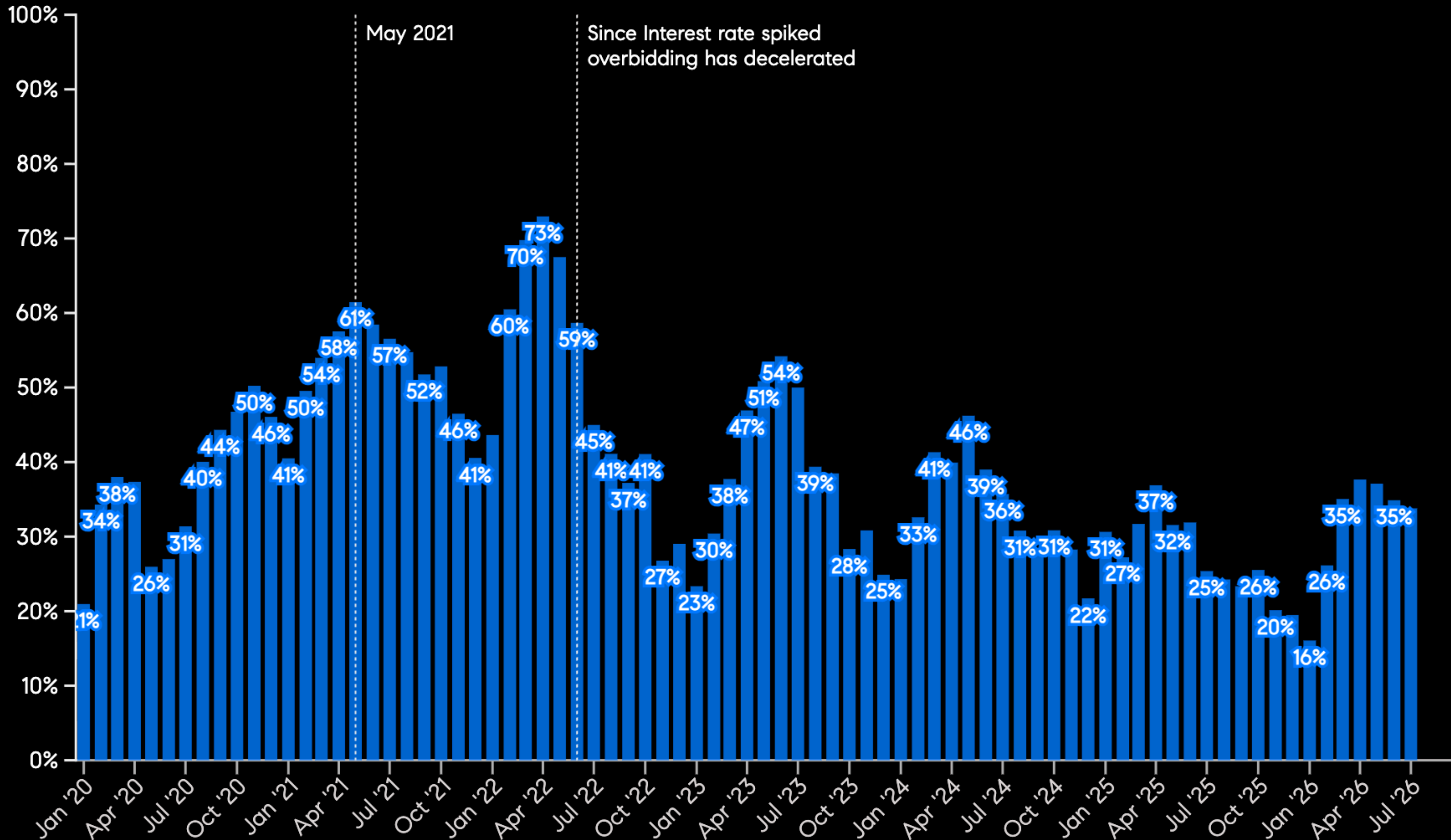
Average days on market have increased since mid 2022 reflecting the impact of higher interest rates on pace of sales.



Source: Compass via MLS · Through August 3rd

Overbidding: Sales Price Above List

Share of closed sales where the close price exceeded the list price



Source: Compass via MLS · Single Family Homes

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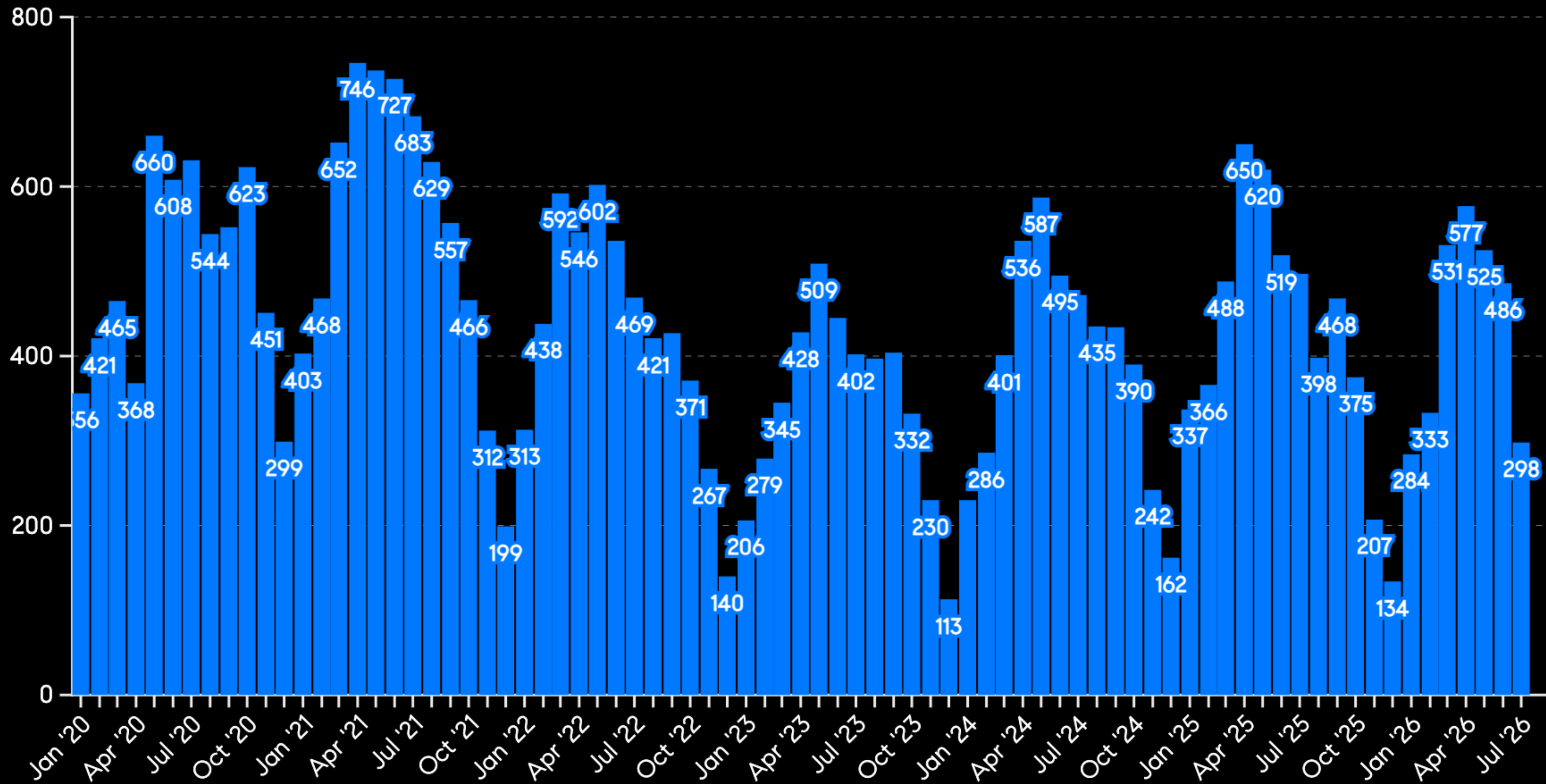
New Listings per Month

Seasonal new listings peak in April and May and then decline for the second half of the year. Fewer new listings implies tighter competition for buyers.



Source: Compass via MLS

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Local Sonoma County

City	Sale to List %	Absorption Rate %	Overbid %	DOM	12 Month Appreciation %
Bodega Bay	99	12	25	55	-1.7
Cloverdale	97	18	13	50	-3.4
Cotati	100	38	25	67	20.8
Forestville	103	33	69	34	5.9
Guerneville	98	48	15	85	-6.2
Healdsburg	95	15	18	74	-3.8
Petaluma	101	57	59	38	0
Rohnert Park	101	41	53	38	-1.1
Santa Rosa	100	35	36	52	-2.5
Sebastopol	98	39	41	59	-2.1
Sonoma	95	27	5	73	-2.2
The Sea Ranch	97	14	0	57	-1.6
Windsor	100	44	6	50	4.3

Source: Compass via MLS · Single Family Homes

SONOMA · CA 38°17'22"N 122°27'42"W

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